

HIV/AIDS

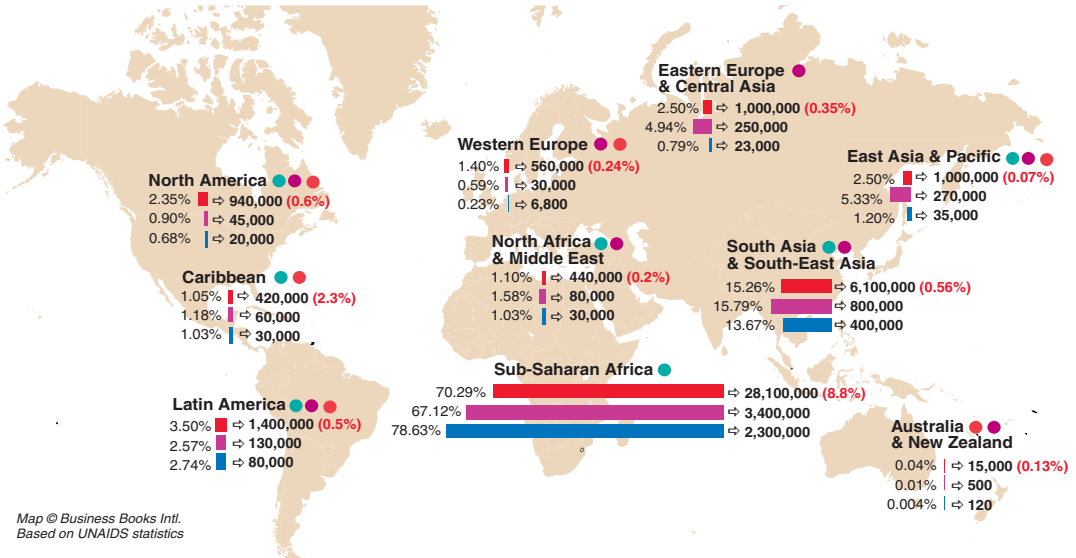
HIV/AIDS (human immunodeficiency virus/acquired immune deficiency syndrome) is now the number one killer in Africa and among the greatest threats to the continent's social and economic development. The epidemic has spread beyond all predictions and threatens the future of the continent, where it has already personally affected one quarter of all Africans. In the hard-hit countries, where up to a quarter of all adults are infected, AIDS is wiping out development gains achieved over many decades.

Africa continues to dwarf the rest of the world on the HIV/AIDS charts. According to UNAIDS and WHO estimates, in 2001 some seven out of ten people who are newly infected with the HIV virus lived in sub-Saharan

Africa—and of all AIDS-related deaths since the epidemic started, more than 80% were in the region. While sub-Saharan Africa accounts for only one-tenth of the global population, it currently carries the burden of more than 70% of all AIDS cases worldwide. In Botswana, Namibia, Swaziland and Zimbabwe, estimates show that more than one person in five between the ages of 15 and 49 is living with HIV or AIDS. In South Africa, Malawi, Mozambique, Rwanda and Zambia infection among adults ranges from one in seven to one in nine. In Central African Republic, Côte d'Ivoire, Djibouti and Kenya, at least one out of every ten adults is HIV-infected.

HIV/AIDS in Sub-Saharan Africa, notes the United Nations, is the "worst infectious disease catastrophe" since the bubonic plague killed a quarter of Europe in the 14th Century. Deaths due to AIDS in the region, the UN predicts, will soon surpass the 20 million people in Europe who perished during the plague of 1347 and the more than 20 million people worldwide who died in the influenza epidemic of 1917. Over the next decade, AIDS is expected to kill more people in Sub-Saharan Africa than the total number of lives lost in all wars during the 20th Century.

AIDS EPIDEMIC WORLDWIDE AT END 2001



Map © Business Books Intl.
Based on UNAIDS statistics

HIV/AIDS statistics 2001

% of world total ■ ⇒ Est. adults & children estimated to be living with HIV/AIDS
 % of world total ■ ⇒ Est. newly HIV infected adults & children during 2001
 % of world total ■ ⇒ Est. adult & child deaths due to HIV/AIDS during 2001
 (Proportion of adults (15-49) living with HIV/AIDS)

Main mode of transmission for those with HIV/AIDS

- ⇒ Heterosexual transmission
- ⇒ Transmission through injecting drug use
- ⇒ Homosexual transmission between men

Development crisis

Given the scale of the epidemic, it is no longer just a public health problem. It is a development crisis. And it has been in the making for at least 10 years. HIV/AIDS has already reversed 30 years of hard-won social progress in some countries and has impacted on every level from the micro- to the macroeconomic.

Companies have begun to realize that HIV/AIDS poses a genuine threat to the workforce and the marketplace. Alarming new costs are showing up on balance sheets. This is especially the case in Africa, where the private sector is feeling the cumulative impact of a severe, long-standing and still-emerging epidemic. Many businesses have started prevention programs at the workplace to try to protect their investment in human capital. They provide information and condoms to workers, often through peer education programmes. Forward-thinking companies in high HIV/AIDS-prone countries, however, are looking beyond prevention to the inevitable dent that the disease will make in their workforce and their profits.

The Global Business Coalition on HIV/AIDS was formed under UN auspices to mobilize the private sector. In July 2002 seventy international companies have signed up and implemented programs to combat the disease in resource-poor nations.

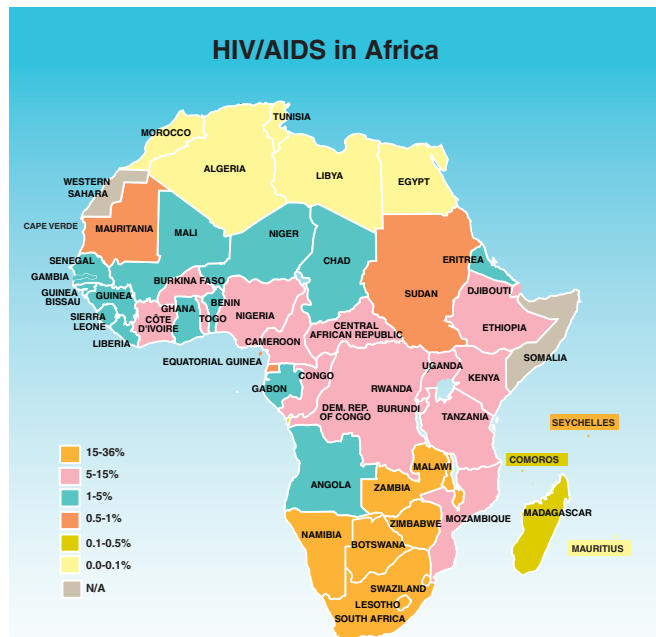
Employee turnover related to the disease increases training and recruitment costs. The effect of HIV/AIDS on the macro-level is hard to judge but expert studies point to a likely loss of real GDP growth in some African countries in the order of one to two percent. The Southern Africa AIDS Information Dissemination Service estimates that over the next 20 years HIV/AIDS might reduce some economies in sub-Saharan Africa by a fourth.

The disease undermines agricultural systems and threatens the food security of rural families. The UN Food and Agriculture Administration (FAO) has estimated that in the 25

most-affected African countries, AIDS has killed seven million agricultural workers since 1985. Rural communities bear a higher burden of the cost of the disease as urban dwellers and migrant laborers return to their village of origin when they fall ill. Household expenditures rise as a result of medical bills and funeral expenses.

Increased cost

In Africa, the disease attacks educated urban professionals—the backbone of economic expansion—first. The loss of these people can rob the continent of much of its potential. The damage is immeasurable, economists say, because it appears in ways that cannot be seen—businesses that will never be founded, ideas that will never be pitched, university departments that will never be created. In eastern and southern Africa, where the epidemic is worst, the economically strongest countries—South Africa, Botswana, Zimbabwe, Kenya, Uganda and Zambia—have infection rates of between 10 percent and 25 percent. Virtually all of those infected will die within 10 years. West Africa's strongest economies such as Nigeria, Ghana and the Ivory Coast, have lower, but still alarming, infection rates. Increased benefits and training costs, and the disruption of regular pro-



Map: Business Books International
Source: UNAids

duction due to sick and bereavement leave, are seriously affecting both the private and public sectors. A study in South Africa found that at current levels of benefits per employee, as a result of HIV/AIDS costs might rise from 7% of salaries and wages in 1995 to 19% by 2005. A study carried out in a number of African countries by American researchers, Matthew Roberts and Bill Rau for AIDSCAP, in Arlington, Virginia, found that absenteeism because of HIV/AIDS accounted for 52 percent of additional labor costs.

An employer survey conducted by Deloitte & Touche found that 70% of the respondent private companies already had a formal HIV/AIDS policy in place. About 80% of them expected that the disease will have “moderate” to “extreme” impact on their operations.

A study released by the International Labor Organization in 2002 claims that previous attempts by economists to measure the costs of HIV/AIDS in Sub-Saharan Africa “are likely to be significant underestimates of the social and economic value of the losses of human capital.” The ILO found that it was becoming increasingly difficult to replace both skilled and unskilled labor lost to the disease.

The epidemic is prevalent among working age people (between 15 and 49), each affecting the lives of at least five other people. In the public sector, according to the ILO study, overall mortality in some African countries

has risen by ten times in the past decade due to AIDS. This might soon result in governments being unable to provide essential goods and services. Ironically, in Botswana increased mortality among healthcare workers has reduced the country’s capacity to care for people with HIV/AIDS.

Projects

In 2002 a newly established UN Global Fund to Fight AIDS, Tuberculosis and Malaria has allocated a total of \$378 million over a two year period for 40 programs in 31 countries. Even



FAO Poster

though Africa gets 52% of the outlay, critics have derided this effort as much too modest to have any impact. Needed, according to some observers, is an expenditure of at least \$8 billion to bring HIV/AIDS under control. Economist Jeffrey Sachs, a strong proponent of larger spending on the part of the rich countries to contain the disease in Sub-Saharan Africa, forecast “economic devastation” unless larger funding is found for more ambitious programs.

For now, however, the talking far exceeds the walking. Despite annual conferences where prominent personalities make urgent pleas for

more aggressive and far-reaching programs, the battle against HIV/AIDS remains modest and, in the view of some, ineffective. Still, remarkable success has been attained in countries such as Uganda where intensive education actually led to a reduction of the infection rate. Also the search for a cure continues and ultimately the

hope exists that one will be found before the disease lays large regions in Africa, and elsewhere in the developing world, to waste. Pressure from both governments and activist groups prompted several multi-national pharmaceutical companies to slash the prices of their AIDS drugs. An Indian firm offered generic AIDS drugs to African nations at cut-rate prices. The Corporate Council on Africa has formed an HIV/AIDS task force to coordinate efforts among its influential membership and help devise a strategy for the future.

